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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

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COUNTRY Austria/USSR/France

DATE: 25X1A

SUBJECT Soviet-French Control of Felten & Guillaume A.G.

INFO.

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SUPPLEMENT

ORIGIN

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- 25X1X 1. Soviet and French authorities in Vienna have recently been engaged in negotiations to divide control of the plant of Felten & Guillaume, Fabrik Elektrischer Kabel, Stahl- und Kupferwerke A.G. at Gudrunstrasse 11, Vienna X. Subsource is of the opinion that these negotiations constitute a violation of ACA regulations in that the U.S. and British elements of ACA are believed not to have been notified.
2. Felten & Guillaume is described as a large undertaking, comparable in size to AEG (Allgemeine Elektrizitäts-gesellschaft) and Siemens. The company was established with a total stock capital of 12,150,000 RM divided into 121,500 shares having a par value of 100 RM per share. 80.3 percent of the capital stock is controlled by Felten & Guillaume A.G. in Cologne-Mülheim, Germany; this corporation also controls 13 percent of the capital stock of Felten & Guillaume Kabel-, sodrony- és sodronykötélgyár R.T. of Budapest. The 80.3 percent of the total capital stock controlled by the Cologne-Mülheim interests is broken down by ownership of the Austrian firm as follows: small Austrian shareholders, 9 percent; miscellaneous small foreign shareholders, 1 percent; Felten & Guillaume A.G., Cologne-Mülheim, 70.3 percent. In turn, 75 percent of Felten & Guillaume A.G., Cologne-Mülheim, is owned by the Luxemburg ARBED combine, in which the investments of French shareholders play an important role.
3. Felten & Guillaume A.G., Austria, has the following plants:
- a) Factory at Gudrunstrasse 11, Vienna X (Soviet Zone)
 - b) Assembly plant at Franzengasse 23, Vienna V (British Zone)
 - c) Factory at Diemlach, Styria (British Zone)
 - d) Factory at Bruck a/d Mur (British Zone)
4. The recent negotiations, which apply only to the Vienna establishment on Gudrunstrasse, have been conducted between Soviet officials and French shareholders in the ARBED combine. Control of the firm will be in the hands of a French-Soviet joint stock company which is to be founded with 52 percent French and 48 percent Russian ownership. It is reported that the Russians resorted to bribery of French government officials and interested stockholders in order to facilitate these arrangements.
5. The Soviet authorities were aided in their negotiations by French intelligence officers including Commandant Maroy, reported to be an officer of

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the Property Control Section of the French Element, ACA. Maroy is also said to be a Communist and to have connections with the DRA (Direction des Recherches en Autriche) of the French I.S. (~~Classification~~ Comment: A 25X1A Capitaine de Corvette Moriot or Massot has been reported commanding officer of S.M.A. (Service Renseignements Autriche) at Vienna, but Commandant Maroy, as such, is not carried in our records). Subsource avers that such French officers as are involved in this manner are believed to be motivated by ideological rather than financial considerations.

6. On 27 April 1947, Fedotjev, head of the Legal Section of the Soviet Element, ACA, stated that he had just received approval of the completed agreement from Moscow. He added that ownership would be on a 48-52 percent basis, with the French holding the controlling bloc of shares. Fedotjev affirmed that this arrangement had been transacted according to the Soviet interpretation of the German assets clause in the Potsdam Agreement. He did not feel that consultation with the U.S. and British Elements of ACA was necessary in this matter.

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